Atlantic Canada Opportunities Agency

2009-2010 Estimates

Part III – Report on Plans and Priorities

Minister's Message

The Government of Canada is committed to creating an environment where all Canadians have every opportunity for continued prosperity, regardless of where they live. That is why our government remains steadfast in its support of the Atlantic Canada Opportunities Agency (ACOA).

The Agency remains central in our government's agenda to provide concrete, realistic and made-in-Canada solutions to the economic challenges our country is facing. For more than 20 years, ACOA has been a consistent and effective champion of economic growth, and of greater productivity and innovation in Atlantic Canada. The Agency has a strong record of delivering programs that enhance the competitiveness of Atlantic Canadian businesses and the sustainability and quality of life in our communities.

We will continue to build on this success. As the federal department responsible for economic development in the region, ACOA works hard to understand the needs and reality of Atlantic Canada. It has the ability to bring the right partners to the table to make things happen for the region.

I am confident that ACOA will remain an integral partner in building and strengthening the economy of Atlantic Canada.

It gives me great pleasure to present the annual *Report on Plans and Priorities* for ACOA, outlining the Agency's main initiatives, priorities and expected outcomes for the upcoming year.

The Honourable Peter G. MacKay
Minister of National Defence and
Minister for the Atlantic Gateway

Minister of State's Message

From its inception in 1987, ACOA has moved with the times, remaining flexible and responsive. It has recognized where the gaps exist in our regional economy, and has brought the right partners together to address those gaps – to help businesses grow and communities seize new economic opportunities.

At this time of extraordinary global economic challenge and uncertainty, ACOA plays a key role in our government's plan to create opportunities for Canadians. The Agency will continue to provide relevant and strategic support to Atlantic Canadians, as they work to find and capitalize on the opportunities presented by a highly competitive global economy.

The *Report on Plans and Priorities* outlines how the Agency's programs will help to increase opportunity for economic development in Canada's four Atlantic provinces. ACOA will continue to work within its economic development programs to focus on enterprise development, community development, and policy, advocacy and coordination.

In this regard, ACOA will support the start-up and expansion of small and medium-sized businesses in the region, and foster greater trade and investment prospects. The Agency will work with communities across Atlantic Canada to help them strengthen their local infrastructure and diversify their economies. ACOA will also support more innovation and research and development opportunities, and encourage the commercialization of home-grown technologies.

The Agency will continue to champion the region's interests, and mobilize regional stakeholders, including provincial governments, business leaders and universities, to work together on strategic solutions that will help the region compete in a global economy.

As Minister of State for ACOA, I look forward to working with business and community leaders across Atlantic Canada to help foster a growing, competitive and strong economy.

The Honourable Keith Ashfield
Minister of State
(Atlantic Canada Opportunities Agency)

Table of Contents

MINISTER'S MESSAGE I

MINISTER OF STATE'S MESSAGE II

SECTION 1: AGENCY OVERVIEW 1

1.1 Summary Information 1
1.1.1 Raison d'être 1
1.1.2 Responsibilities 1
1.1.3 Strategic Outcome and Program Activity Architecture 2
1.1.4 A New PAA for 2009-2010 and Beyond 3

1.2 Planning Summary 4
1.2.1 Financial and Human Resources 4
1.2.2 Contribution of Priorities to Strategic Outcome 5

1.3 Risks and Challenges 6
1.3.1 ACOA's Response to the Changing Economic Landscape 6
1.3.2 ACOA's Key Risks 9

1.4 Expenditure Profile 11
1.4.1 2009-2010 Planned Spending by Program Activity 12
1.4.2 Voted and Statutory Items 12

SECTION 2: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME 13

2.1 Strategic Outcome - A competitive Atlantic Canadian economy 13
2.1.1 Program Activity: Enterprise Development 15
2.1.2 Program Activity: Community Development 17
2.1.3 Program Activity: Policy, Advocacy and Coordination 20
2.1.4 Internal Services 22

SECTION 3: SUPPLEMENTARY INFORMATION 23

3.1 Supplementary Information Tables 23

3.2 Other Items of Interest 23

Section 1: Agency Overview

1.1 Summary Information

1.1.1 Raison d'être

The Atlantic Canada Opportunities Agency (ACOA) works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada in partnership with Atlantic Canadians. It plays an important role in developing and supporting policies and programs that strengthen the region's economy. This work addresses the Agency's mandate "... to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region." (Part I of the *Government Organization Act, Atlantic Canada 1987*, R.S., c G-5-7, also known as the *Atlantic Canada Opportunities Agency Act*)

1.1.2 Responsibilities

Established in 1987, ACOA is the department responsible for the federal government's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

ACOA's head office is in Moncton, New Brunswick. The Agency has 36 regional and field offices in cities and towns across the four Atlantic provinces. These are led by regional vice-presidents located in each provincial capital, who are responsible for the delivery of ACOA programs. Through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in both the policies and programs developed by other departments and agencies of the federal government.

Although the Agency's policies and programs have changed[1] since its inception, the overall goal of ACOA has always been to help the Atlantic region realize its full economic potential in terms of productivity, competitiveness and growth.

ACOA capitalizes on regional strengths by using a balanced approach to tackle economic development challenges facing Atlantic Canada. This is achieved by identifying and addressing structural weaknesses in the economy, helping communities and businesses to overcome barriers, and finding new opportunities for growth. It is also within this context that ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

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[1] ACOA has adapted its business programs to focus less on support for the acquisition of capital assets and more on the assets associated with productivity – innovation, marketing, international trade and human resource development. This change in policy emphasis led ultimately to the development of the Atlantic Investment Partnership (AIP), a major five-year initiative launched in 2000 and renewed in 2005. The AIP has made major investments in innovation, community economic development, trade and investment, and entrepreneurship and business skills development. The Agency ensures that a wide variety of business development tools and resources are available to Atlantic Canadian entrepreneurs throughout all stages of the business life cycle – from the time they are considering setting up a new business, to the time they are planning for growth and expansion.

1.1.3 Strategic Outcome and Program Activity Architecture

The Program Activity Architecture (PAA) diagram below illustrates ACOA's framework of program activities and program sub-activities. This structure allows the Agency to effectively pursue its mandate and contribute to its strategic outcome of a competitive Atlantic Canadian economy. It reflects the results of policy research and analysis; periodic review of program effectiveness; ongoing dialogue with stakeholders in the region; and the priorities and directions of the Government of Canada.

Strategic Outcome	*Program Activities*	*Program Sub-activities*
A competitive Atlantic Canadian economy (1.0)	Enterprise Development (1.1)	Innovation (1.1.1)
		Entrepreneurship and Business Skills Development (1.1.2)
		Trade (1.1.3)
		Investment (1.1.4)
		Financing Continuum (1.1.5)
	Community Development (1.2)	Community Mobilization (1.2.1)
		Community-based Business Development (1.2.2)
		Community Investment (1.2.3)
		Infrastructure Programming (1.2.4)
	Policy, Advocacy and Coordination (1.3)	Policy (1.3.1)
		Advocacy (1.3.2)
		Coordination (1.3.3)
	Internal Services (1.4)	Governance and Management Support (1.4.1)
		Resource Management Services (1.4.2)
		Asset Management Services (1.4.3)

1.1.4 A New PAA for 2009-2010 and Beyond

In May 2008 ACOA sought and received Treasury Board approval to amend its PAA. The new PAA provides for improved efficiency, reflects relevance, and concisely articulates the long-term and enduring benefit of the Agency's programming to Canadians. It allows for more efficient performance measurement, while keeping the strategic focus and usefulness in allocating and managing resources and reporting the Agency's performance.

The most significant change is the revision to one strategic outcome supported by three program activities, as compared to last year's PAA with three strategic outcomes supported by seven program activities. Further streamlining of the PAA has reduced the program sub-activities by approximately half. While the scope of the Agency's activities has not changed, the new PAA provides more streamlined information to parliamentarians and Canadians on spending and results. A crosswalk to the sub-activity level may be found on ACOA's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/RPP_2009-2010.aspx.

Old PAA 2008-2009	New PAA 2009-2010
Strategic Outcome(s)	
1. Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size 2. Dynamic and sustainable communities for Atlantic Canada 3. Policies and programs that strengthen the Atlantic economy	1. A competitive Atlantic Canadian economy
Program Activities	
1.1 Fostering the development of institutions and enterprises, with emphasis on those of small and medium size 2.1 Fostering the economic development of Atlantic communities 2.2 Special Adjustment Measures 2.3 Infrastructure Programming 3.1 Policy 3.2 Advocacy 3.3 Coordination	1.1 Enterprise Development 1.2 Community Development 1.3 Policy, Advocacy and Coordination

1.2 Planning Summary

1.2.1 Financial and Human Resources

	2009-2010	2010-2011	2011-2012
Financial Resources[2]	$338.3 million	$292.3 million	$291.4 million
Human Resources[3]	715 FTEs	700 FTEs	700 FTEs

Strategic Outcome: A competitive Atlantic Canadian economy.

Performance Indicators	Target
Increase in Atlantic GDP for every dollar of ACOA expenditure in direct support of business	*Five-year Target: (2008-2009 through 2012-2013)* $4 to $5

Program Activity[4]	Forecast Spending ($ millions) 2008-2009	Planned Spending ($ millions) 2009-2010	2010-2011	2011-2012	Alignment with Government of Canada Outcomes
Enterprise Development[5]	194.6	200.7	157.6	157.5	Strong Economic Growth
Community Development	98.3	91.6	88.8	88.1	
Policy, Advocacy and Coordination	12.1	11.1	11.1	11.1	
Internal Services	37.6	34.9	34.8	34.7	
Total Planned Spending[6]	342.6	338.3	292.3	291.4	

To obtain further information, click on "Government of Canada Outcomes", or visit http://www.tbs-sct.gc.ca/pubs_pol/opepubs/TB_H/prog-pgrm-eng.asp

[2] Amounts do not reflect Budget 2009 announcements.
[3] The change in full time equivalents (FTEs) from 715 in 2009-2010 to 700 in 2010-2011 is due to the sunsetting of operating funds for infrastructure programming. However, the Agency expects to acquire additional operating funds under the Building Canada Fund.
[4] For descriptions of ACOA's program activities, please refer to the publication *2009-2010 Estimates Parts I and II, The Government Expense Plan and The Main Estimates* online at http://www.tbs-sct.gc.ca/est-pre/20092010/p2-eng.asp.
[5] $41 million in 2010-2011 and 2011-2012 and ongoing annual funding approval in Budget 2005, pending approval by Treasury Board of reference level adjustment.
[6] Please refer to the expenditure profile on page 11 for an explanation of changes in total planned spending over this period.

1.2.2 Contribution of Priorities to Strategic Outcome

In the table below, all priorities link to ACOA's strategic outcome of a competitive Atlantic Canadian economy, and all priorities have been previously committed (within the previous two fiscal years).

Operational Priorities:	
Productivity	Foster improved **productivity in Atlantic Canadian companies** through measures such as **research and development**, acquiring **advanced technologies,** and investing in **business skills development**. To this end, the Agency will use existing programming to increase focus in these areas, particularly in sectors that are strategically important to the long-term success of the Atlantic region.
Innovation and commercialization	**Foster improved commercialization of innovative technologies**, to increase productivity and competitiveness. The Agency will increase focus in this area to identify and pursue commercialization opportunities within the Agency's portfolio.
Trade and Atlantic Gateway	Building on past successes in trade, ACOA will reposition its efforts, **aligning them with the Government of Canada's Global Commerce Strategy and the related Americas Strategy, and will engage in activities that capitalize to a greater extent on emerging markets** such as India. **Continued coordination efforts to ensure that Atlantic Canada is well poised to benefit from the Atlantic Gateway**, which offers significant opportunities for long-term economic expansion in the Atlantic region.
Balanced approach in rural/urban development	Budget 2009 Canada's Economic Action Plan will make significant investments in support of industries and communities impacted by the current international economic crisis. In collaboration with other levels of government, ACOA will ensure timely and effective delivery of federal funds, maximizing the economic impact of federal initiatives while maintaining the appropriate balance between rural and urban needs.
Management Priorities:	
Public service renewal and business/ human resources integration	The Agency will support and focus on the four areas as enumerated in the 15th Annual Report to the Prime Minister on the Public Service of Canada, focusing on integrated planning, recruitment, employee development and enabling infrastructure. ACOA, led by its deputy minister, will be engaged in a multi-year effort to deliver on those public sector renewal commitments.
Internal Services	Internal services enable public programs, as well as other internal services, to operate more efficiently and effectively. ACOA will sustain its commitment to build and maintain management excellence and strong governance consistent with the Management Accountability Framework. The Agency will continue to work on the integration of performance information into decision-making so the Agency can respond to the governance and accountability agenda of the Government of Canada.
Risk management	ACOA has established an integrated risk management function, with a primary objective of promoting the integration of risk issues in the corporate planning process. ACOA will continue to anticipate risks that could jeopardize the achievement of the objectives related to the implementation of Agency plans.

1.3 Risks and Challenges

1.3.1 ACOA's Response to the Changing Economic Landscape

ACOA operates within the changing economic landscape of Atlantic Canada. The Agency's broad-based approach to regional economic development addresses the underlying structural challenges in the economy and the risks they present.

Being proactive in identifying opportunities requires the Agency to assess external economic factors and risks that can affect departmental plans and priorities or the delivery of its programs and services.

ACOA is positioned to deliver on the government's agenda for a return to economic growth. In line with priorities identified in the Speech from the Throne, *Advantage Canada*, and the comprehensive plan to stimulate the Canadian economy as outlined in Budget 2009, ACOA will help secure jobs and expand trade in Atlantic Canada. The Agency will encourage companies in the region's manufacturing, technology and traditional sectors to innovate, acquire new equipment, enhance business skills, and market their products abroad. ACOA will complement its ongoing efforts in community development with measures to help communities in the region mitigate the short-term impacts of restructuring, particularly in more traditional resource-based industries. The Agency will also continue to support investments in key infrastructure through initiatives such as the Building Canada plan and the Community Adjustment Fund; in the region's research facilities; and in measures that will contribute to the expansion of the Atlantic Gateway.

The following provides an overview of Atlantic Canada's economic outlook, challenges and opportunities. Further information on the region's economy in 2008 is detailed in Section 3.2 of this report.

Economic Outlook

The current international financial crisis has heightened uncertainty in financial markets and the global economy. Worldwide economic growth has slowed abruptly, and a global recession is expected. The United States has been in a recession since December 2007, and is in one of the longest downturns since the Great Depression of the 1930s. Since that time, only two of the ten downturns lasted as long as a full year.

The Atlantic economy currently faces some major short-term challenges, all of which stem from the external environment. The economic slowdown in the United States and other key economies is dampening demand for most of the region's non-energy exports. Ongoing global financial market dislocations have resulted in a significant loss of personal wealth and much tighter credit conditions.

The outlook for the Atlantic economy is highly uncertain, and depends crucially on developments in the global economy and international financial markets. The key downside risks to the economic outlook are external, and stem from the possibility of a more severe downturn in

the U.S. economy and protracted weakness in emerging-market economies. For that reason, economic conditions in the region are expected to remain below potential in 2009. A reduction in commodity prices will further impact the Atlantic Canadian economy, especially the outlook for the region's manufacturing and resource sectors. However, the construction sector should continue to perform well in the coming year, as activity on several major projects currently underway in the region offsets a weaker housing sector.

Weak economic conditions have already resulted in the postponement of some planned energy projects, as well as the shutdown of some existing forestry, mining and manufacturing facilities. Financial institutions have been tightening business credit, which is also likely to impact business lending in the region.

Lower consumer demand in the United States has also reduced the prices of certain luxury food items such as lobster products, affecting the profitability of the fishing industry in Atlantic Canada. Negatively impacted in past years by the strong Canadian dollar and high fuel prices, the tourism industry in the region will likely continue to struggle next year.

In the services sector, Atlantic companies providing financial, information technology and other business support services to U.S. clients are at risk of being negatively affected by cutbacks at American financial institutions and other corporations.

Economic Challenges, Risks and Opportunities

Recent economic uncertainty will continue to have an adverse impact on each Atlantic province. In Nova Scotia, recent plant closures and lay-offs are blamed on weak market conditions in the U.S., the province's primary export market. Traditional sectors such as fishing, forestry, wood products and tourism are particularly vulnerable. The development of new sectors, including financial services, information technology and life sciences bodes well for long-term job creation; however, labour shortages loom as the population ages. In the face of the global economic downturn, ACOA's Nova Scotia office, through the Productivity Improvements Initiative, is working with local companies and economic development partners to improve manufacturing productivity with an objective of helping those companies sustain and grow.

New Brunswick companies are also facing uncertainty brought on by global economic volatility, weakened export markets and increased regional demand for skilled labour. ACOA's New Brunswick office will also be placing a strong focus on productivity for companies to navigate these challenges, take on new risks and emerge as stronger, more competitive enterprises. Major capital investments, growing knowledge-based industries, and the opportunity to transform and modernize traditional sectors present solid long-term growth potential for the province. ACOA will assist and encourage small and medium-sized enterprises (SMEs) to take advantage of these opportunities by strengthening their positioning in local and global supply chains, improving commercialization outcomes, and diversifying operations in traditional sectors.

Prince Edward Island's main challenges will be to achieve economic diversification through cluster development in the bio-resource, aerospace, information and communications technology, tourism, and wind energy sectors. Primary resource-related industries will face difficult export market

conditions, including lower pricing and lack of demand. The provincial path to prosperity will focus on investment in people, innovation and strategic infrastructure, which is well aligned with the ongoing priorities of the Agency in the areas of population, innovation and skills training for increased productivity and competitiveness. In P.E.I., ACOA will invest in world-class infrastructure to improve the flow of people, goods and services, including research facilities and sustainable initiatives at the local level.

The Newfoundland and Labrador economy has expanded over 50% in real terms in a decade; employment levels are much improved; and the province's population has shown its first annual increase in 16 years. Yet, rural areas are still experiencing weakness due to a continued dependency on resource-based industries such as forestry and fishing, and they continue to suffer population losses while the larger centres in the province are growing. As well, the province is currently experiencing labour market shortages in a range of sectors, due to factors such as retirements, skills deficits, wage rate gaps and worker mobility.

A reduction in commodity prices and difficulties in securing financing, due to the global credit crisis and tightened lending restrictions worldwide, may change the timing of some major capital projects which are forecast to go ahead in the short or medium term. These include the Hebron oil development, the White Rose field expansion, Iron Ore Company of Canada's mine expansion, the Lower Churchill project, and the construction of Vale Inco's nickel processing facility in Long Harbour. These projects represent planned capital spending of more than $24 billion, and delays in their development could have a significant effect on the province's economic performance. Given this complex economic environment, achieving tangible results will be challenging. ACOA's Newfoundland and Labrador office will seek to invest its support in specific opportunities such as ocean industries, aerospace and defence, and oil and gas supplier development.

In 2009-2010, ACOA will continue to work directly with communities, businesses and other partners in all four Atlantic provinces to strengthen their decision-making capacity and aid in the diversification of local economies through the promotion of:

- competitive and sustainable Atlantic enterprises, especially small and medium-sized enterprises (SMEs);
- dynamic and sustainable communities; and
- policies and programs that strengthen the Atlantic economy.

ACOA will continue to be the region's primary instrument for delivering federal economic development programs, including measures announced in Budget 2009. In responding to the challenges and opportunities faced by the region, the Agency will ensure that its economic development approach reflects the federal government's economic priorities. Along with the four Atlantic provincial governments and other federal departments, ACOA will remain a key player in the coordination and development of the Atlantic Gateway, facilitating trade flows leading to increased economic opportunities in Atlantic Canada and North America's east coast.

In order to ensure that firms based in Atlantic Canada remain competitive in global markets, the Agency will continue to support a range of productivity improvements in SMEs through technology adoption, private sector R&D and the commercialization of new technologies by means of funding tools such as the Business Development Program and the Atlantic Innovation Fund.

1.3.2 ACOA's Key Risks

In April 2001 the Treasury Board of Canada Secretariat developed the Integrated Risk Management Framework (IRMF), aimed at strengthening risk management practices within the Public Service. The IRMF was designed as an essential cornerstone, delivering on commitments toward citizen focus, values, results, and responsible spending as set out in the Government of Canada's management framework *Results for Canadians*. The main component of the IRMF is the Corporate Risk Profile (CRP). The CRP takes stock of the organization's operating environment and its capacity to mitigate key high-level risks linked to achievement of corporate objectives.

These high-level risks, or key risks, represent those operational or program areas where, if comprehensive mitigation is not taken, the Agency would be significantly impeded in its ability to achieve its strategic objectives.

The key risks are developed through an internal independent review with senior management, and an analysis of related documentation and information. They are approved by ACOA's Executive Committee, and are monitored constantly to ensure implementation of appropriate mitigation measures.

Key Risk	Risk Mitigation Measures	Linkage to PAA[7]
Information Management Risk The risk that senior management is not provided with the timely, relevant information and data necessary to be informed of the financial and program health of the organization, thereby adversely affecting the support necessary for making effective decisions at the corporate or portfolio level.	Identify the categories of information/data required by senior management, e.g. legal; finance; human resource; program. Identify the essential information for each category. Identify sources of information/data. Determine whether the information/data should be presented by itself, or include comparisons or trend information. Install a system of updating senior management needs for information/data. Identify senior manager responsible for function. Provide report to senior management on a monthly basis.	Internal Services Policy, Advocacy and Coordination Community Development Enterprise Development

[7] Linkage to program activity or program sub-activity

Key Risk	Risk Mitigation Measures	Linkage to PAA[7]
Cost of Doing Business Risk Risk that the cost of doing business escalates and represents an increasing portion of the Agency's budget, adversely affecting operational efficiency and leading to budgetary pressures for programming.	The Agency will undertake initiatives that identify ACOA's core program and administration responsibilities and the associated costs. In addition, the Agency will create relevant financial and intellectual models and thresholds, as well as have a challenge process for threshold increases in operating budgets and changes to the mix of operating budgets.	Internal Services – Finance
People Management Risk The risk that ACOA's talent agenda (leadership, recruitment, training, promotion, work/life balance, competencies) does not adequately sustain the necessary workforce required to carry out the Agency's mandate in the future, and that the Agency experiences a significant loss of corporate memory and has difficulties implementing change management.	The Agency will identify current and anticipated gaps in the talent agenda, and develop a comprehensive plan with targets for timely implementation. This strategy includes mitigation actions, such as the development of employee career and learning plans, as well as adoption of a proactive approach to Public Service Renewal.	Internal Services – Human Resources
Reputational Risk Risk may materialize when the negative publicity triggered by certain internal or external events, whether accurate or not, compromises the Agency's reputation capital (brand), and results in a loss of credibility for the Agency.	ACOA will emphasize the development and application of proactive communications strategies to convey information about the Agency's activities and accomplishments to both internal and external stakeholders. As part of its strategy, the Agency will continue to enhance a values and ethics culture, and provide rapid response to external enquiries, among other actions.	Policy, Advocacy and Coordination

1.4 Expenditure Profile

The forecast and planned spending amounts by program activity are provided in section 1.2.1 of this report[8].

Planned spending of $338.3 million in 2009-2010, compared to the 2008-2009 forecast spending of $342.6 million, represents a total decrease of $4.3 million from the previous year. This results from a number of normal business practices and procedures, including:

- $2.6 million through sunsetting of funding for Canada Business;
- $1.7 million in human resource expenses related to employee benefits and costs;
- $3.6 million decrease from what was available in 2008-2009 through the operating budget carry forward; and
- $3.6 million as an increase for the Official Languages Action Plan.

The Agency's planned spending is at approximately the same levels for the following two fiscal years, specifically $292.3 million in 2010-2011 and $291.4 million in 2011-2012. The majority of the $46-million difference in funding available to ACOA, compared to the 2009-2010 planned spending of $338.3 million, relates to the sunsetting of funding for certain programs and initiatives, for which the Agency will be seeking renewal.

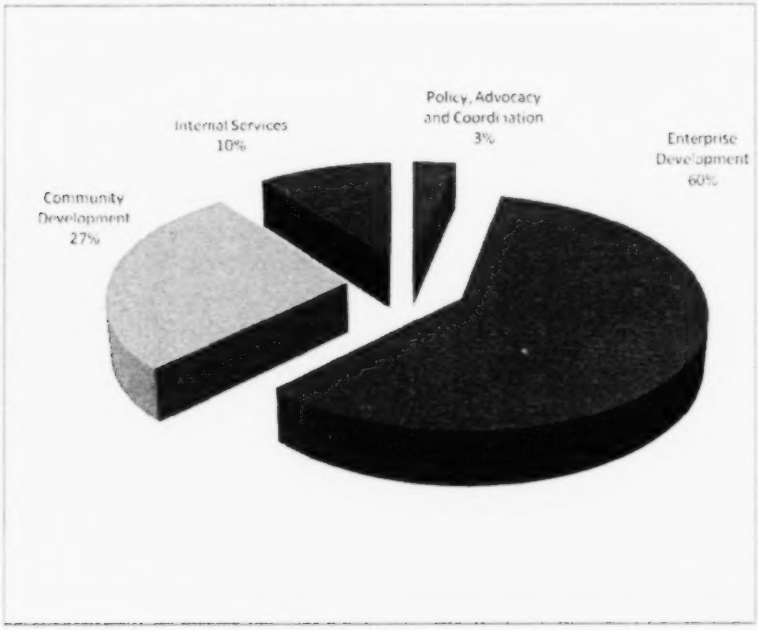
- $30 million relates to funding received for the Atlantic Investment Partnership — Round II.
- $2.1 million relates to funding for the Community Futures Program.

Other key adjustments include:

- $11.1 million related to the collection of repayable contributions;
- $2-million decrease in requirements under the Business Development Program; and
- $0.8 million related to operational funding for the delivery of infrastructure programming.

[8] Amounts do not reflect Budget 2009 announcements.

1.4.1 2009-2010 Planned Spending by Program Activity



1.4.2 Voted and Statutory Items

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2008-2009 Main Estimates ($ millions)	2009-2010 Main Estimates ($ millions)
1	Operating expenditures	81.9	79.6
5	Grants and contributions	238.3	245.2
(S)	Contributions to employee benefit plans	8.0	7.6
	Total	**328.2**	**332.4**

Section 2: Analysis of Program Activities by Strategic Outcome

2.1 Strategic Outcome - A competitive Atlantic Canadian economy

Indicator:	***Five-year Target:*** *(2008-2009 to 2012-2013)*
• Increase in Atlantic GDP for every dollar of ACOA expenditure in direct support of business	• $4 to $5

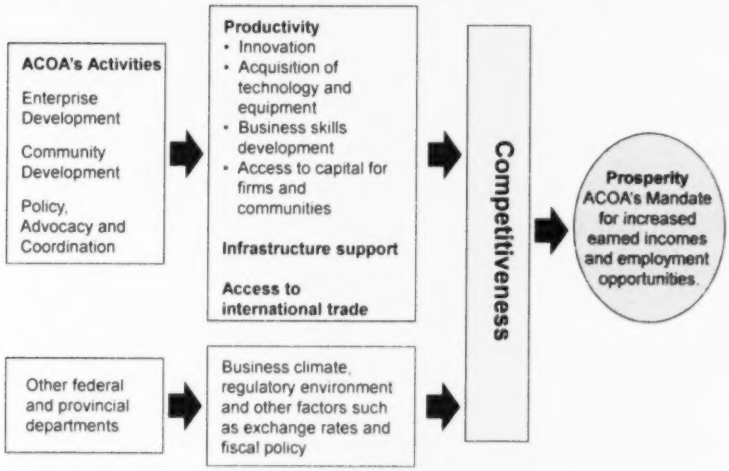
Performance Measurement Strategy: Measuring the impact on income and employment in Atlantic Canada is a long-term, multi-dimensional undertaking. Thus, the Agency will report results every five years, based on analysis of data from Statistics Canada and internal systems, using econometric modelling. This indicator is currently under revision and could be adjusted at a later date.

ACOA aims to achieve a competitive Atlantic economy for the long-term benefit of Atlantic Canadians. A competitive region will produce higher levels of income for its citizens, and will grow faster over the medium to long run. By having a competitive Atlantic Canadian economy, opportunities for economic development in the region are increased, specifically through the growth of earned incomes and employment opportunities for Atlantic Canadians.

Competitiveness is the set of institutions, policies, and factors that determine the capacity of firms to sell their products globally. Productivity is an important determinant of competitiveness, and according to the Organisation for Economic Co-operation and Development (OECD) productivity is the most important source of long-term prosperity for a region. Productivity, defined as the efficiency with which resources are used in the economy, is a key measure of how well small and medium-sized enterprises (SMEs) in Atlantic Canada are performing when compared to those in other regions of the country and elsewhere around the world. Competitiveness and productivity are critical factors that allow companies and communities to adapt to changing market conditions.

Consequently, ACOA focuses its efforts on improving competitiveness in three key areas: productivity, international trade, and infrastructure support. To increase the performance of Atlantic SMEs, the Agency targets key productivity drivers, including innovation, the acquisition of technology and equipment, business skills development, and access to capital for firms and communities. ACOA also focuses on trade and investment to increase export capabilities and encourage international trade, and plays a strategic role in supporting community infrastructure required for economic development. By focusing on the three pillars of competitiveness, the Agency, along with its many partners, is able to link its regional economic development priorities to its goal of a competitive Atlantic economy.

Productivity, Competitiveness and the ACOA Mandate


ACOA's Activities
Enterprise Development
Community Development
Policy, Advocacy and Coordination
Productivity
• Innovation
• Acquisition of technology and equipment
• Business skills development
• Access to capital for firms and communities
Infrastructure support
Access to international trade
Other federal and provincial departments
Business climate, regulatory environment and other factors such as exchange rates and fiscal policy
Competitiveness
Prosperity
ACOA's Mandate for increased earned incomes and employment opportunities.

The three program activities – Enterprise Development; Community Development; and Policy, Advocacy and Coordination – combine to tackle the Agency's strategic outcome of a competitive Atlantic economy. By emphasizing productivity, the Agency's various activities and programs are directed at helping Atlantic Canada prosper and compete on a global scale.

2.1.1 Program Activity: Enterprise Development

A competitive Atlantic Canadian economy (1.0)	Enterprise Development (1.1)	• Innovation (1.1.1) • Entrepreneurship and Business Skills Development (1.1.2) • Trade (1.1.3) • Investment (1.1.4) • Financing Continuum (1.1.5)

Expected Results: Improved growth and competitiveness of Atlantic SMEs

Indicators:	***Annual Targets:*** *(2009-2010)*
• Survival rate of ACOA-assisted firms	• 1 to 2 times higher than comparable firms
• Number of new business start-ups that have received funding from ACOA to help them become established	• 43

For detailed information on any of these program sub-activities, please click on the link http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/RPP_2009-2010.aspx

Performance Measurement Strategy: Analysis of data from Statistics Canada and internal systems data. The analysis is carried out by comparing "ACOA clients" to "comparable firms" – those that are of similar age, size, sector and geographic region, but have not received a direct monetary contribution from the Agency.

Financial Resources[9] ($ millions)			Human Resources (FTEs)		
2009-2010	2010-2011	2011-2012	2009-2010	2010-2011	2011-2012
200.7	157.6	157.5[10]	206	206	206

Program Activity Summary

Considering the current economic downturn, ACOA will continue to bolster its competitiveness agenda by working in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation.

ACOA works to improve the region's capacity for economic growth through a variety of strategically-focused mechanisms, including assisting enterprises (with particular emphasis on small and medium-sized ones) to help them start, expand or modernize their businesses, and establish and expand their export activities; partnering with universities and other institutions to increase the region's research and development capacity, commercialization and productivity; and promoting and participating in the region's transition to the knowledge economy.

[9] Budget 2009 continues funding for Canada Business in 2009-2010 and 2010-2011 at $2.6 million annually, similar to levels in previous years.

[10] Decrease in planned spending from 2009-2010 to 2010-2011 is due to the sunsetting of funding for the Atlantic Investment Partnership – Round II, and an adjustment related to the collections of repayable contributions.

Planning Highlights

In 2009-2010, the Agency will use its resources and programs to bring increased focus to improving productivity of Atlantic Canadian companies. Areas such as research and development, acquiring advanced technologies, and investing in the development of entrepreneurial business skills training and managerial skills will continue to be actively promoted and supported.

An area of economic potential rests with the pursuit of commercialization opportunities within ACOA's portfolio. The Agency will implement actions designed to improve the commercialization of the innovative technologies that are being developed by its clients.

In the areas of trade and investment, ACOA will align its efforts with the Government of Canada's Global Commerce Strategy and the related Americas Strategy, and engage in activities that capitalize to a greater extent on emerging markets, such as India. The Agency will encourage the development of the Atlantic Gateway, as this presents a strategically important initiative for long-term economic expansion throughout region.

Benefits for Canadians

ACOA strives to apply its limited resources to areas that offer the greatest potential impacts. Given the mandate of the Agency, ACOA focuses on Atlantic enterprises that are of small and medium size, because they have proven to have the most significant and sustained impact on job creation in Atlantic Canada[11]. By adopting a balanced rural/urban approach in helping SMEs to become more innovative, productive and competitive, the Agency assists all regions of Atlantic Canada to become stronger, thereby facilitating their increased contributions to the national economy.

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[11] *The State of Small Business and Entrepreneurship, Atlantic Canada 2005*, Atlantic Canada Opportunities Agency (2005). In the 1990s, 70% of the jobs created by new firms in Atlantic Canada were attributed to small businesses.

2.1.2 Program Activity: Community Development

A competitive Atlantic Canadian economy (1.0)	Community Development (1.2)	• Community Mobilization (1.2.1) • Community-based Business Development (1.2.2) • Community Investment (1.2.3) • Infrastructure Programming (1.2.4)

For detailed information on any of these program sub-activities, please click on the link http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/RPP_2009-2010.aspx

Expected Results: Dynamic and sustainable communities for Atlantic Canada

Indicators:	***Annual Targets:*** *(2009-2010)*
• Increased capacity in community decision-making, planning and delivery	• Evidence of impact, resulting from evaluations, and supported by data
• Number of new business start-ups that have received funding from CBDCs	• 919
• Number of businesses that have received funding from CBDCs to stabilize or expand operations	• 894

Performance Measurement Strategy: Analysis of CBDC report data, internal systems data, and evaluation reports, when available

Financial Resources ($ millions)			Human Resources[12] (FTEs)		
2009-2010	2010-2011	2011-2012	2009-2010	2010-2011	2011-2012
91.6	88.8	88.1	96	81	81

Program Activity Summary

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From small remote villages to larger urban centres, the opportunities and challenges vary significantly. ACOA recognizes the importance of these communities in an economic development framework, and supports their efforts to assume full responsibility for their own economic development. ACOA believes that effective community development is a bottom-up process, and that many communities require help to develop the tools, resources and initiatives that support individual and unique strategic development. This kind of development requires a flexible approach, based on the particular realities of the communities being targeted. Working in close co-operation with communities and community-led organizations involved in economic development planning and mobilization efforts, ACOA provides strategic funding that enables communities to strengthen their economic base and increase prosperity for their citizens.

[12] The change in the level of human resources from 96 FTEs in 2009-2010 to 81 FTEs in 2010-2011 is related to the sunsetting of operating funds available for the delivery of infrastructure programming. However, any increase in volume of work resulting from new funding allocations in Budget 2009, or additional operating funds from acting as a federal delivery partner for infrastructure programming, may mean a reallocation of FTE's to this activity. Further details will be provided in upcoming estimates documents.

ACOA uses its various programs, in particular the Business Development Program, Innovative Communities Fund, and the Community Futures Program, to stimulate community economies. In addition, ACOA works with Infrastructure Canada, and the provinces to oversee/ensure the flow of federal funds allocated to each region through the various federal/provincial infrastructure funding streams. These programs serve to provide significant economic stimulus, while at the same time ensuring the maintenance of quality public infrastructure and services, which are essential building blocks to the future economic well-being of communities. These investments are a key in laying a foundation for addressing the region's productivity and competitiveness issues.

Planning Highlights

In 2009-2010 ACOA will continue to pursue strategies that support opportunities of the region's rural and urban areas, by investing in initiatives that provide solid value for investment, while at the same time addressing local, community-based priorities. ACOA will accomplish this working directly with communities, as well as through a network of community development organizations including Community Business Development Corporations (CBDCs), Regional Economic Development Organizations (REDOs), the Aboriginal Business Services Network, and others.

In the current uncertain economic climate, the availability of access to capital to stimulate the economy is of concern. In response, ACOA will continue its work with the 41 CBDCs across Atlantic Canada that provide important access to capital to small businesses in rural communities. In addition, ACOA plans to work closely with federal and provincial partners and municipalities to ensure that infrastructure investments deliver maximum benefits to the region in a timely fashion.

A series of measures announced in Budget 2009 will be pivotal in helping Atlantic Canada face the global economic challenges and position the region for future prosperity, including support for struggling industries, accelerated investments in the region's infrastructure, and various measures to aid small business. ACOA has existing programming tools and well-established delivery networks which will assist with implementation of new initiatives.

Benefits for Canadians

ACOA aims to help communities build their capacity and confidence in order to identify and coordinate the implementation of priorities for economic development in their region. Through collaboration with other stakeholders, these efforts strive to create and capitalize on economic opportunities to build self-sustaining, economically viable communities. As well, strategic infrastructure that supports community development and economic growth can be a catalyst for a community to grow and prosper.

Recently completed independent evaluations[13] of ACOA community development programming confirm that this type of assistance contributes to the capacity and readiness of communities to develop and carry out community economic development initiatives. These reviews also conclude that programming is relevant to the needs of communities across Atlantic Canada. ACOA believes that, through its community-based initiatives, it is providing appropriate and targeted responses to the unique and challenging economic circumstances throughout Atlantic Canada.

The outlook for the Atlantic economy is highly uncertain, and depends crucially on developments in the global economy and international financial markets. The key downside risks to the economic outlook are external, and stem from the possibility of a more severe downturn in the U.S. economy and protracted weakness in emerging-market economies. Overall, Budget 2009 includes a number of important measures that will help create the conditions for Atlantic Canadian families, businesses and communities to weather this global recession.

[13] Summative Evaluation of the Strategic Communities Investment Fund, Final Evaluation Report, prepared for ACOA by Performance Management Network Inc., March 17, 2008.

2.1.3 Program Activity: Policy, Advocacy and Coordination

A competitive Atlantic Canadian economy (1.0)	Policy, Advocacy and Coordination (1.3)	• Policy (1.3.1) • Advocacy (1.3.2) • Coordination (1.3.3)

For detailed information on any of these program sub-activities, please click on the link http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/RPP_2009-2010.aspx

Expected Results: Policies and programs that strengthen the Atlantic economy.

Indicator:

- Atlantic regional economic policies and programs that respond to regional development opportunities

Annual Target: *(2009-2010)*

- Continued government support to Agency priorities, collaboration with other federal departments, and engagement with other partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy

Performance Measurement Strategy: Analysis of information from ACOA's Policy Network and key informant surveys, evaluations and qualitative reviews, as well as indicators from the federal government's budget speech, Speech from the Throne, and decisions by central agencies

Financial Resources ($ millions)			Human Resources (FTEs)		
2009-2010	2010-2011	2011-2012	2009-2010	2010-2011	2011-2012
11.1	11.1	11.1	99	99	99

Program Activity Summary

ACOA's Policy, Advocacy and Coordination (PAC) program activity is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics, and informs and supports decision-making by the Agency and the minister. PAC helps carry the Agency's agenda forward, and ensure that ACOA remains relevant and responsive to the opportunities and challenges in Atlantic Canada. PAC offers strategic, researched policy positions that reflect the region's potential; influences national policies and programs that affect Atlantic Canada's development and interests; and coordinates other policies and programs within the region to form integrated approaches to development.

Planning Highlights

In 2009-2010 ACOA will develop policy advice and research, provide economic and fiscal analyses, and engage stakeholders. The Agency's policy and research work will focus on the Atlantic Gateway and international trade; skills development; regional productivity and competitiveness; natural resources; and rural/urban issues. ACOA will continue to prepare and

distribute regular reports on the region's economic situation. The Agency will continue to support Canada's lead representative on the Organisation for Economic Co-operation and Development's Territorial Development Policy Committee, and will engage with the private sector and academia through entities such as the Atlantic Canada Opportunities Board, Atlantica, and Metropolis. In addition, the policy function will offer support and analysis throughout the process that will be required to renew ACOA's programs by March 2010, and other strategic activities that could occur during the fiscal year, as well as pursuing its collaborative work with provincial and federal partners in the Atlantic Population Strategy.

ACOA will continue efforts to ensure that Atlantic Canada's needs are reflected in federal policies, programs and regulations. The Agency's advocacy function aims to advance Atlantic interests in national policy and program development so that government initiatives are responsive to the needs of the region. A core consideration for ACOA advocacy activities in 2009-2010 will be to seek out ways federal initiatives can assist Atlantic Canada in facing the current global economic challenges. The advocacy focus will be on accelerated infrastructure and the Atlantic Gateway; aerospace and defence industries' bolstering of the Atlantic Canada economy through federal IRB policy advocacy; federal facilitation of Atlantic Canada's energy potential; as well as increased emphasis on the future commercialization needs of Atlantic Canadian businesses in federal science and technology investments.

ACOA will play its coordination role in federal-provincial initiatives by participating in the Senior Officials Committee and the Regional Officials Committee for the Atlantic Gateway. The Agency will collaborate with the provinces on issues such as tourism, skills development, climate change, and renewable energy. The Regional Federal Councils will address an array of topics relevant to the region, including Public Service Renewal, official languages, and emergency and risk management. ACOA will also work collaboratively with other regional development agencies to ensure a coordinated approach to regional development issues such as innovation, infrastructure, community development, skills development, trade, immigration, and sustainable development.

Benefits for Canadians

The PAC program activity assists the Agency in aligning itself with federal government priorities. PAC efforts in areas relating to the Atlantic Gateway, human capital development, urban and rural issues, the competitiveness of businesses, and the overall economic expansion of the region will benefit Atlantic Canadians, as well as the country as a whole. Through PAC, ACOA continues its collaborative efforts with other government partners and various stakeholders to ensure the Agency has an approach that corresponds to opportunities and challenges facing businesses in the region.

During the upcoming year, ACOA will ensure that government initiatives are responsive to the challenges and opportunities of the Atlantic Canadian economy. ACOA will continue its PAC procurement advocacy efforts that over the past five years have helped secure over $1.5 billion in industrial and regional benefit commitments for Atlantic Canadian firms, and have helped contribute to a strong and thriving aerospace and defence industry in the region. ACOA will also

advocate for the interests of Atlantic Canada in other key horizontal or sectoral files to make government initiatives more responsive to the needs of Atlantic Canadians.

In 2009-2010, ACOA's PAC program activity will assist the region in facing challenges affecting Atlantic Canada's overall economic vitality. Demographic trends and an increasingly uncertain economy will drive ACOA and its partners to move forward on initiatives related to promoting Atlantic Canada as a business destination, the attraction of new businesses, and the undertaking of new research.

2.1.4 Internal Services

Financial Resources ($ millions)			Human Resources (FTEs)		
2009-2010	2010-2011	2011-2012	2009-2010	2010-2011	2011-2012
34.9	34.8	34.7	314	314	314

Program Activity Summary

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are management and oversight services, communications services, legal services, human resources management services, financial management services, information management services, information technology services, real property services, materiel services, acquisition services, and travel and other administrative services. Internal Services includes only those activities and resources that apply across an organization, and not those provided specifically to a program.

Section 3: Supplementary Information

3.1 Supplementary Information Tables

The following tables are located on the Treasury Board Secretariat website at http://www.tbs-sct.gc.ca/rpp/index-eng.asp:

- Details of Transfer Payment Programs
- Evaluations
- Green Procurement
- Horizontal Initiatives
- Internal Audits
- Sources of Respendable and Non-respendable Revenue
- Sustainable Development Strategy

3.2 Other Items of Interest

Information on ACOA's organizational structure is available on the Agency's website at http://www.acoa-apeca.gc.ca/English/WhoWeAre/OurPeople/Pages/home.aspx.

The following additional information is available on ACOA's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/home.aspx.

- BDP Repayable Contributions Portfolio
- Atlantic Canada's Economy and Provincial Economic Profiles
- Information on all sub-activities of ACOA's Program Activity Architecture
  - Innovation
  - Entrepreneurship and Business Skills Development
  - Trade
  - Investment
  - Financing Continuum
  - Community Mobilization
  - Community-based Business Development
  - Community Investment
  - Infrastructure Programming
  - Policy
  - Advocacy
  - Coordination